



The new CAP post-2020: general architecture and focus on EAFRD & financial instruments

Ms Josefine Loriz-Hoffmann, Director, DG Agriculture and Rural Development

European Commission



 #ficompass

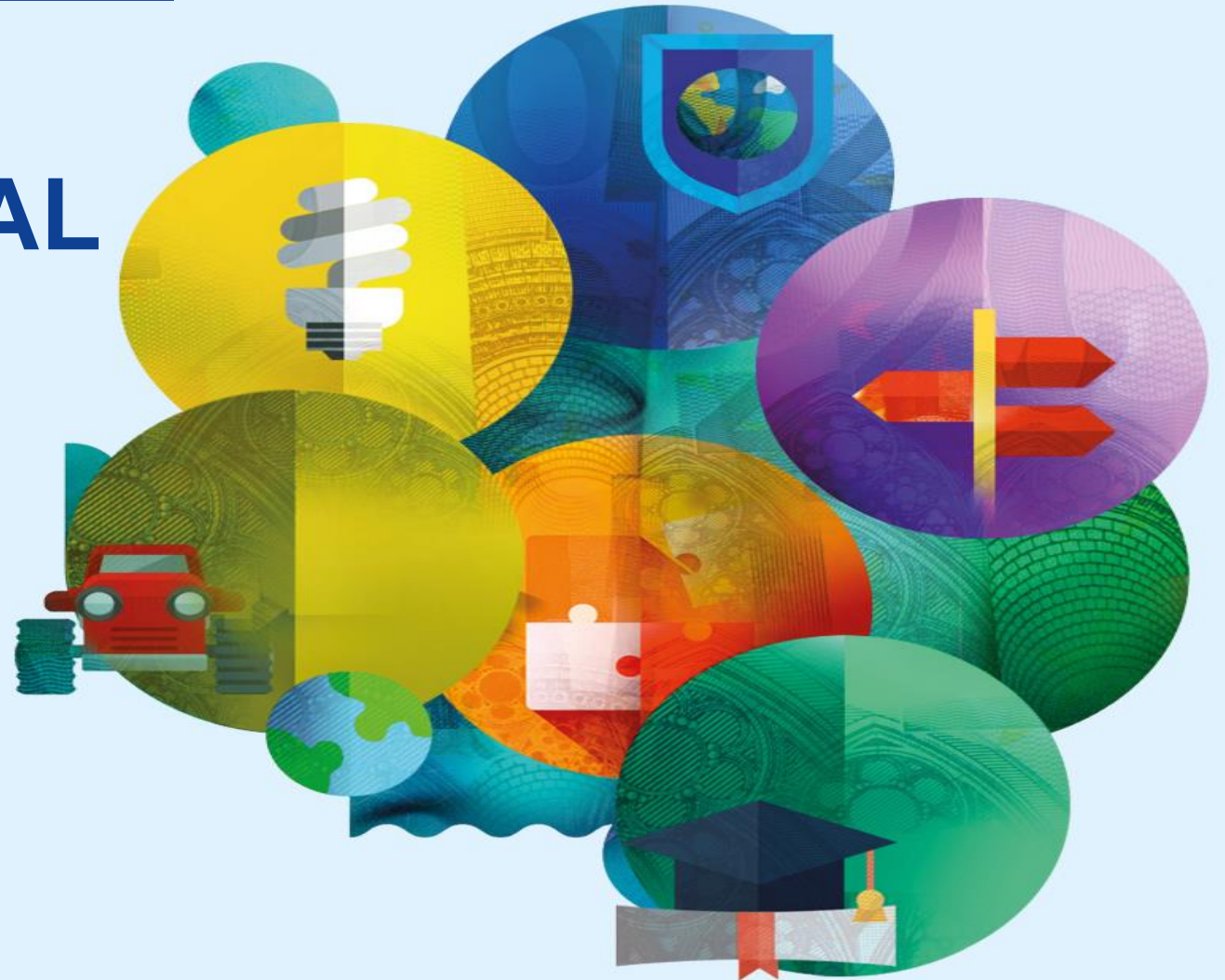


COMMON AGRICULTURAL POLICY

post-2020

Legislative proposals

#FutureofCAP



INDEX

1. *Key elements of the reform*
2. *Challenges and objectives*
3. *CAP proposals*
4. *What's next?*



KEY ELEMENTS OF THE REFORM OF THE COMMON AGRICULTURAL POLICY

1. Rebalancing responsibilities between Brussels and the Member States (more subsidiarity)
2. More targeted result and performance based support
3. Fairer distribution of direct payments
4. Enhancing environmental and climate ambition
5. Simplifying and modernising the policy



CAP 2021-2027

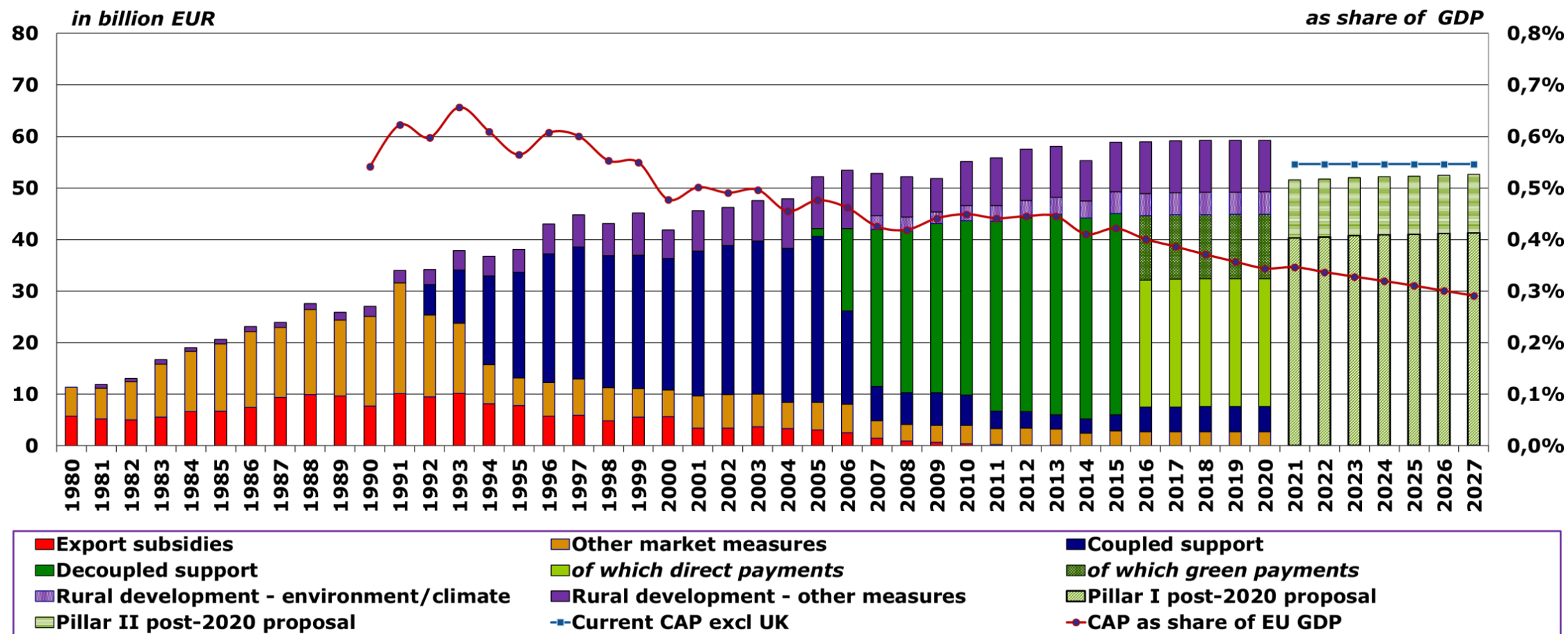
(million € current prices)	CAP amounts	Comments
CAP (Total)	365 006	<ul style="list-style-type: none"> ▪ % of EU budget 2021-2027: 28.5%
Pillar 1 (EAGF) of which <ul style="list-style-type: none"> ▪ <i>direct payments (including POSEI)</i> ▪ <i>market measures</i> ▪ <i>assigned revenue</i> 	286 195 267 485 19 870 -1 160	<ul style="list-style-type: none"> ▪ In general fully EU financed ▪ Cut on direct payments less than 4% ▪ Further convergence of direct payment aid levels between MS ▪ Less than 4% cut for all market schemes with envelopes (except school schemes and beekeeping) ▪ Agricultural reserve - at least EUR 400 million, annual rollover starting from 2020 unused crisis reserve ▪ Assigned revenue - with CAP delivery model, less expected
Pillar 2 (EAFRD)	78 811	<ul style="list-style-type: none"> ▪ Rebalance financing between EU and MS: lower EU co-financing (similar for other European Structural & Investment funds)

Possibility of transfers between pillars
15% between both funds
+
15% and 2% from 1st to 2nd for resp. environment/ climate and young farmers



THE CAP BUDGET IN PERSPECTIVE

(in current prices)



Source: EC-DG AGRI.

Note: Budget figures are actual until budget year 2016, programmed from 2017-2020, and based on the MFF proposal for 2021-2027.

2. Objectives and priorities



CHALLENGES

Need to rethink the CAP governance

1. **Current CAP based on compliance** with detailed EU rules...
2. **Very diverse** agricultural and socio-economic conditions across the **EU**
3. Growing **concerns on the effectiveness and efficiency** of the policy



OBJECTIVES

Commission political priorities
Sustainable Development Goals
Paris climate agreement

Art. 39 TFEU

General Objectives

- Foster a smart, resilient and diversified agricultural sector ensuring food security;
- Bolster environmental care and climate action and to contribute to the environmental- and climate-related objectives of the Union;
- Strengthen the socio-economic fabric of rural areas

Specific Objectives

Economic

- Support viable farm income and resilience across the Union to enhance food security
- Enhance market orientation and increase competitiveness, including greater focus on research, technology and digitalisation
- Improve the farmers' position in the value chain

Environment & Climate

- Contribute to climate change mitigation and adaptation, as well as sustainable energy
- Foster sustainable development and efficient management of natural resources e.g. water/soil/air
- Contribute to the protection of biodiversity, enhance ecosystem services and preserve habitats and landscapes

Social

- Attract young farmers and facilitate business development in rural areas;
- Promote employment, growth, social inclusion and local development in rural areas, including bio-economy and sustainable forestry;
- Improve the response of EU agriculture to societal demands on food and health, including safe, nutritious and sustainable food, food waste, as well as animal welfare

Cross-Cutting Objectives

- Sustainability**
 - Simplification**
 - Modernisation**
- Further improve sustainable development of farming, food and rural areas
 - Ensure simplification and performance of CAP support
 - Foster and share knowledge, innovation, digitalisation in agriculture and rural areas and encourage uptake



WHAT FOR: PRIORITIES OF THE FUTURE CAP

Strengthening environment and climate action

- EU sets wide objectives and list of available types of intervention on air, water, soil, biodiversity
- MS Strategic plans define the pertinent actions to meet EU objectives based on MS specific needs
- Farmers apply for schemes and comply with stringent environmental criteria defined by EU/MS

Better targeting of support

- DPs provide an important safety net for farm income lagging behind the rest of the economy
- Better targeting of income support improved with internal convergence and redistributive payments
- Fairer distribution is improved with digressive cuts above EUR 60 000 and capping at EUR 100 000

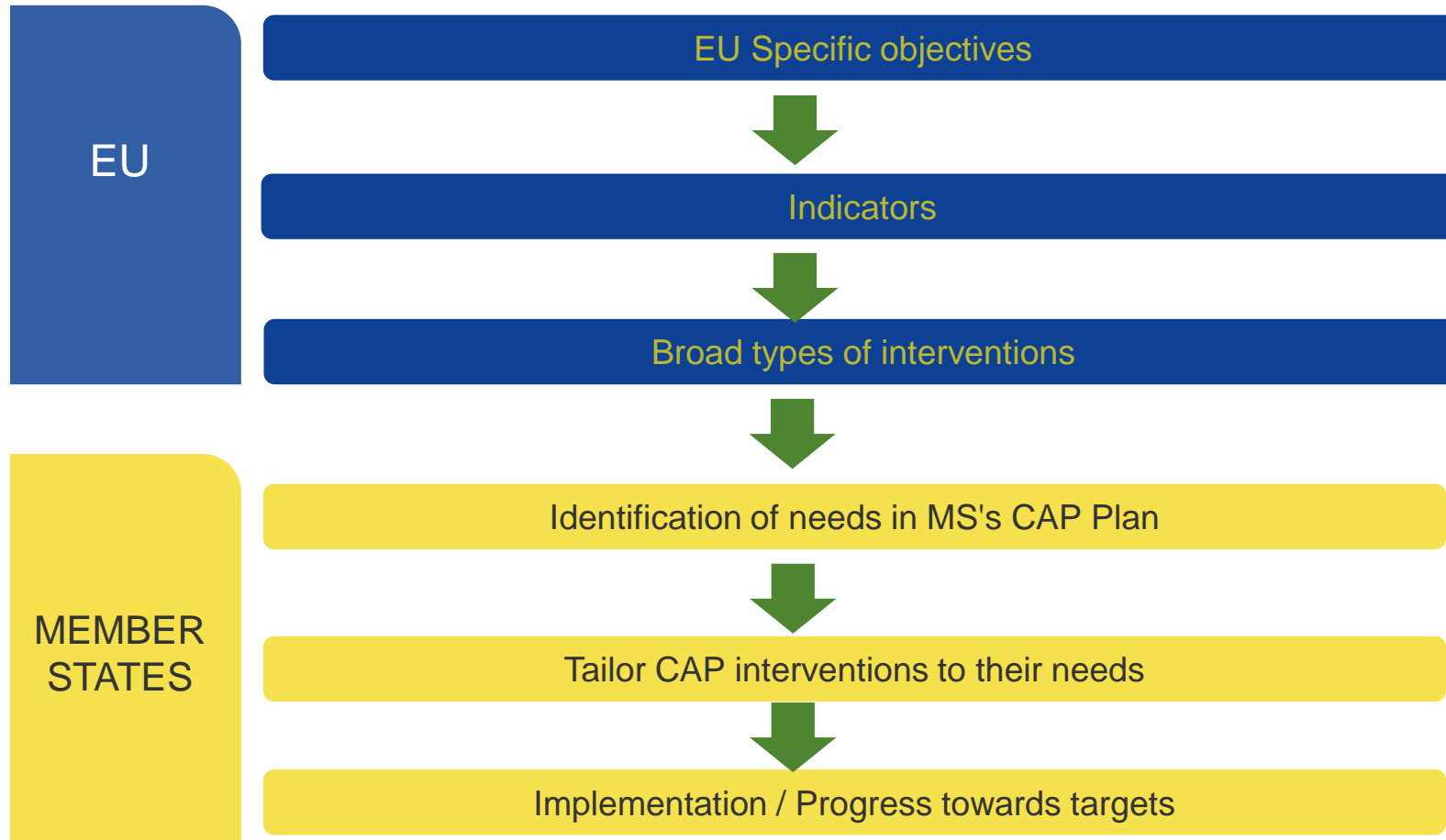
Relying more on knowledge, innovation and technology

- A better link of what we know to what we grow would promote the use of smart agriculture
- Anticipating future knowledge needs promoted with more funding for research to address them
- Exchange and knowledge transfer relies more on improved functioning of the FAS/EIP Systems

4. CAP proposals



REBALANCING RESPONSIBILITIES



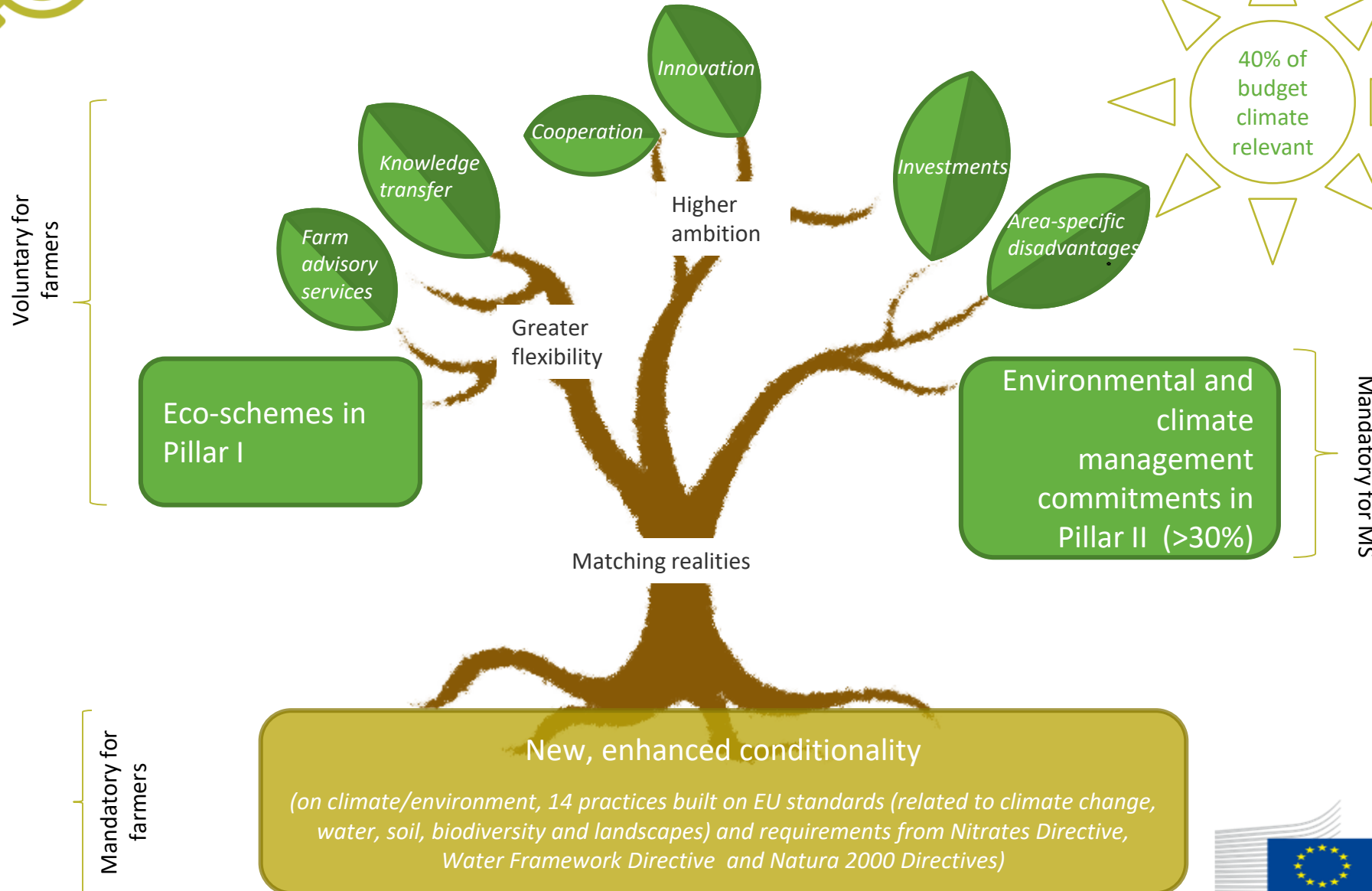
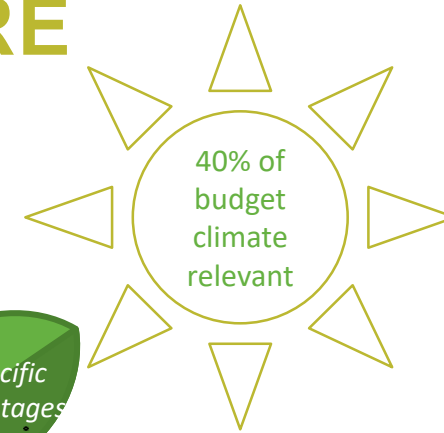


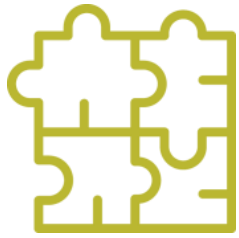
A FAIRER AND MORE TARGETED DISTRIBUTION

- **Reduction of all direct payments above EUR 60 000 and capping at EUR 100 000**
 - *taking into account salaries and labour costs*
- **Complementary *redistributive income* support for sustainability**
- **Additional amount per hectare, *shift from bigger to smaller and medium-sized farms***
- **Complementary income support for *young farmers***
- **Convergence of income support *within Member States*:**
 - *no payment entitlement with a value < 75% of the average (by 2026 at latest)*
 - *maximum per entitlement*
- **Convergence *between Member States*:**
 - *for all Member States with direct payments below 90% of the EU-27 average, the gap between their current level and 90% of that average will be closed by half over 6 years*



THE NEW GREEN ARCHITECTURE





FUTURE OF RURAL AREAS



HIGHLIGHTS

Minimum budget ring-fencing of total EAFRD contribution: <ul style="list-style-type: none">• 30% for interventions addressing the three environmental/ climate objectives• 5% for LEADER	Overview of the coordination, demarcation and complementarities between EAFRD and other EU funds in rural areas in the CAP Plan
Mandatory to programme risk management tools (no minimum budget requirements)	Possibility of using financial instruments (incl. working capital), also in combination with grants
Possibility to enhance synergies with and fund LIFE projects and Erasmus-type exchanges for young farmers	Increase of the maximum amount of aid for the installation of young farmers (up to EUR 100.000)



A SIMPLER CAP

NEW OPPORTUNITIES

- EU focus on results and performance of the policy
- Simplification and reduction of administrative burden
 - stems from requirement of the CAP Strategic Plan
- Design of a plan adapted to local needs
- Streamline schemes in both pillars
- Potential for a lighter compliance framework

FOR BENEFICIARIES

- No detailed EU rules on individual beneficiaries
- Use of technologies for faster, slimmer and more automatic fulfilment of administrative procedures
- Access to improved farm advice and assistance in applying for support

FOR ADMINISTRATIONS

- Less prescription from EU requirements
- Streamlining of reporting requirements
- Stability in governance bodies (Paying Agencies, Certification Bodies) and systems (IACS, LPIS)



A MORE MODERN CAP

KNOWLEDGE AND INNOVATION

- CAP Strategic Plans to foster knowledge, innovation and digitalisation in agriculture and rural areas
- Strategic Plans to include strategy on Agricultural Knowledge and Innovation Systems (AKIS) to enhance interaction between advisors, researchers, rural networks, etc.
- €10bn from the Horizon Europe programme supporting research and innovation in food, agriculture, rural development and the bio-economy

FARM ADVISORY SERVICES INTEGRATED UNDER AKIS

- Beneficiaries will get access to improved farm advice
- Farm advice will cover all requirements of the CAP Strategic Plan
- Extensive list of new elements in farm advice:
 - Rural development interventions, financial instruments and business plans. Environmental/plants/animal directives. Risk management. EIP

DIGITAL TRANSITION IN AGRICULTURE

- CAP Strategic Plans to foresee a strategy for the development of digital technologies in agriculture and rural areas
- MS encouraged to use big data and new technologies for controls and monitoring ("area monitoring system", GSA, pre-fill of applications...)
- Encouraging the digitisation of rural life, on farms (through precision farming techniques) and in the wider communities



THE CAP CYCLE SAFEGUARDS



6. What's next?



A TENTATIVE OUTLOOK

2018 - 2019

Debate in the European Parliament and in the Council on the CAP proposals

Spring 2019

Possible agreement of the next MFF 2021-2027 by the Heads of States and Governments

Spring 2019

Possible adoption of the next CAP 2021-2027 by the co-legislators

May 2019

Elections of the European Parliament

Preparation of the CAP implementation

2021

Possible entry into force

THANK YOU!

Further information is available at:

- https://ec.europa.eu/commission/publications/factsheets-long-term-budget-proposals_en
- http://ec.europa.eu/budget/mff/index_en.cfm
- https://ec.europa.eu/info/food-farming-fisheries/key-policies/common-agricultural-policy/future-common-agricultural-policy_en



European
Commission

